

accordance with § 599.303, with the highest scoring applications ranked first.

(b) *Separate ranking categories.* After initial ranking, both rural and urban applications will be separated into two ranking categories:

(1) *Category 1.* Applications for designation of nominated areas that are Enterprise Communities or Empowerment Zones will be placed into Category 1 in rank order.

(2) *Category 2.* Applications for designation of nominated areas that are not placed into or selected from Category 1 will be placed into Category 2 in rank order.

§ 599.403 Number of Renewal Communities to be designated.

(a) *In general.* Except as provided in paragraph (b) of this section, the total number of Renewal Communities to be designated and the distribution of designations between urban and rural areas are as follows:

(1) *Total number.* The total number of nominated areas to be selected for designation as Renewal Communities is 40.

(2) *Rural areas.* HUD will select at least 12 rural areas for designation as Renewal Communities. If HUD does not receive at least 12 eligible rural area applications for Renewal Community designation, the number of rural area designations will be the number of eligible rural area applications received by HUD.

(3) *Urban areas.* The number of urban areas selected for designation as Renewal Communities will be the number remaining after subtracting the number of rural areas selected from 40.

(b) *Less than 40 eligible applications.* If HUD receives fewer than 40 eligible applications nominating areas, the total number of nominated areas to be selected for designation as Renewal Communities will be the total number of eligible applications.

§ 599.405 Selection of Renewal Communities.

(a) *Selection of Category 1 applications—(1) Six or less rural nominations.* If there are six or fewer Category 1 rural area nominations, HUD will select all of the nominated rural areas in Category 1 for designation as Renewal

Communities. HUD will then select the highest ranking Category 1 urban area nominations, but will not exceed a total of 20 Category 1 designations.

(2) *More than six rural nominations.* If there are more than six Category 1 rural area nominations, HUD will select the six highest ranked Category 1 rural applications, and will then select, in rank order, the highest ranking Category 1 area nominations, whether urban or rural, until not more than a total of 20 Category 1 designations is made.

(b) *Selection of Category 2 applications.* After not more than 20 Category 1 designations are made in accordance with paragraph (a) of this section, any remaining Category 1 applications will be placed back in rank order into Category 2, with selections for a combined Category 1 and Category 2 total of not more than 40 designations made as follows:

(1) *Less than six Category 1 rural applications.* If the number of rural area applications selected in Category 1 is less than six, HUD will select the highest ranking rural area applications in Category 2 until the total number of rural areas selected is 12. The remaining designations will be made from both rural and urban areas in rank order. If there are fewer than 12 eligible rural applications overall, counting both Category 1 and Category 2, all of the eligible rural applications will be selected.

(2) *Six or more Category 1 rural applications.* If the number of rural area applications selected in Category 1 is six or more, HUD will select the six highest Category 2 rural applications. The remaining designations will be made from both rural and urban areas in rank order.

(c) *Effective date of designation.* The effective date of designation as a Renewal Community is the date a nominated area is selected in accordance with this section.

§ 599.407 Notification of Renewal Community designations.

(a) *Notification of applicant.* HUD will notify each applicant of the designation of its nominated area as a Renewal Community.

(b) *Federal Register publication.* In addition to any other form of notification, HUD will publish a notice of the designation of Renewal Communities in the FEDERAL REGISTER.

Subpart F—Post-Designation Requirements

§ 599.501 Period for which Renewal Community designation is in effect.

Any designation of an area as a Renewal Community will remain in effect during the period beginning on January 1, 2002, and ending on the earliest of:

- (a) December 31, 2009;
- (b) The termination date designated by the State and local governments in their nomination application, if any; or
- (c) The date HUD revokes the designation.

§ 599.503 Effect of Renewal Community designation on an EZ/EC.

The designation of any area as an Empowerment Zone or Enterprise Community shall cease to be in effect as of the date that the designation of any portion of such area as a Renewal Community takes effect.

§ 599.505 Coordinating responsible authority (CoRA).

Within 30 days of the Renewal Community designation, the State and local governments in which the area is located must submit to HUD information identifying the coordinating responsible authority (CoRA), which is the entity, organization or persons with the responsibility and authority to achieve the State and local government commitments made at the time of application as required by § 599.107 and to undertake the development and administration of policies, procedures and activities to implement and maximize the Federal, State and local benefits made available in the Renewal Community.

§ 599.507 Tax incentives utilization plan.

(a) *Preliminary plan.* Within six months of designation, the CoRA must prepare and submit to HUD a preliminary tax incentives utilization plan for achieving the State and local commit-

ments made at the time of application as required by § 599.107 and implementing and maximizing the Federal, State and local benefits made available in the Renewal Community.

(b) *Final plan.* Within twelve months of designation, the CoRA must prepare and submit to HUD the final tax incentives utilization plan for achieving the State and local commitments made at the time of application as required by § 599.107 and implementing and maximizing the Federal, State and local benefits made available in the Renewal Community.

(c) *Community participation.* The CoRA must ensure that the preliminary and final tax incentives utilization plans are developed with the participation of the residents and community organizations in the Renewal Community.

(d) *Coordination with Consolidated Plan and Indian Housing Plan.* The tax incentives utilization plan must include a certification that it is consistent with the Consolidated Plan prepared in accordance with 24 CFR part 91 or the Indian Housing Plan prepared in accordance with 24 CFR part 1000, as applicable.

(e) *HUD technical assistance.* HUD will provide technical assistance as authorized to assist the CoRA in preparing the required tax incentives utilization plans.

§ 599.509 Modification of commitments and plans.

The CoRA may submit requests to HUD to modify the State and local commitments made at the time of application as required by § 599.107 and the tax incentives utilization plans required by § 599.505. Requests must provide evidence to support the proposed modifications. HUD will review the proposed modification for consistency with regulatory and statutory requirements and approve, suggest additional or alternate modifications or deny the request within 30 days.

§ 599.511 Reports and other information.

The CoRA and the State or local governments in which the Renewal Community is located must submit such